

ARIZONA CORPORATION COMMISSION
UTILITIES DIVISION

ANNUAL REPORT MAILING LABEL – MAKE CHANGES AS NECESSARY

S

SW-03389A
Seven Canyons Water Treatment Company
~~8960 E. Raintree Dr., Ste. 100~~ 15323 N Pima Rd, STE 305
Scottsdale, AZ 85260

ANNUAL REPORT

FOR YEAR ENDING

12	31	2005
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RECEIVED

MAY 02 2006

AZ CORP COMM
Director Utilities

FOR COMMISSION USE

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5-2-06
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COMPANY INFORMATION

Company Name (Business Name) Seven Canyons Water Treatment Company SW-03389A

Mailing Address: 15333 N Pima Rd, Suite 305
(Street)

Scottsdale
(City)

AZ
(State)

85260
(Zip)

480-627-7000
Telephone No. (Include Area Code)

580-627-7010
Fax No. (Include Area Code)

Pager/Cell No. (Include Area Code)

Email Address _____

Local Office Mailing Address: 755 Golf Club Way
(Street)

Sedona
(City)

AZ
(State)

86336
(Zip)

928-203-2254
Local Office Telephone No. (Include Area Code)

928-203-2036
Fax No. (Include Area Code)

Pager/Cell No. (Include Area Code)

Email Address _____

MANAGEMENT INFORMATION

Management Contact: Cavan Real Estate Investments – Joan Beickman
(Name) (Title)

15333 N Pima Rd, Suite 305
(Street)

Scottsdale
(City)

AZ
(State)

85260
(Zip)

480-627-7000
Telephone No. (Include Area Code)

480-627-7010
Fax No. (Include Area Code)

Pager/Cell No. (Include Area Code)

Email Address _____

On Site Manager: Wendy Ferguson
(Name)

755 Golf Club Way
(Street)

Sedona
(City)

AZ
(State)

86336
(Zip)

928-203-2254
Telephone No. (Include Area Code)

928-203-2036
Fax No. (Include Area Code)

Pager/Cell No. (Include Area Code)

Email Address _____

☐ Please mark this box if the above address(es) have changed or are updated since the last filing.

Statutory Agent: _____

(Name)

(Street)

(City)

(State)

(Zip)

Telephone No. (Include Area Code)

Fax No. (Include Area Code)

Pager/Cell No. (Include Area Code)

Attorney: _____

(Name)

(Street)

(City)

(State)

(Zip)

Telephone No. (Include Area Code)

Fax No. (Include Area Code)

Pager/Cell No. (Include Area Code)

☐ Please mark this box if the above address(es) have changed or are updated since the last filing.

OWNERSHIP INFORMATION

Check the following box that applies to your company:

☐ Sole Proprietor (S)

☒ C Corporation (C) (Other than Association/Co-op)

☐ Partnership (P)

☐ Subchapter S Corporation (Z)

☐ Bankruptcy (B)

☐ Association/Co-op (A)

☐ Receivership (R)

☐ Limited Liability Company

☐ Other (Describe) _____

COUNTIES SERVED

Check the box below for the county/ies in which you are certificated to provide service:

☐ APACHE

☐ COCHISE

☐ COCONINO

☐ GILA

☐ GRAHAM

☐ GREENLEE

☐ LA PAZ

☐ MARICOPA

☐ MOHAVE

☐ NAVAJO

☐ PIMA

☐ PINAL

☐ SANTA CRUZ

☒ YAVAPAI

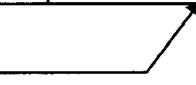
☐ YUMA

☐ STATEWIDE

COMPANY NAME Seven Canyons Water Treatment Company – SW-03389A

UTILITY PLANT IN SERVICE – See Attached Schedule

Acct. No.	DESCRIPTION	Original Cost (OC)	Accumulated Depreciation (AD)	O.C.L.D. (OC less AD)
351	Organization			
352	Franchises			
353	Land and Land Rights			
354	Structures and Improvements			
355	Power Generation Equipment			
360	Collection Sewers – Force			
361	Collection Sewers – Gravity			
362	Special Collecting Structures			
363	Services to Customers			
364	Flow Measuring Devices			
365	Flow Measuring Installations			
370	Receiving Wells			
380	Treatment and Disposal Equip.			
381	Plant Sewers			
382	Outfall Sewer Lines			
389	Other Plant and Misc. Equipment			
390	Office Furniture and Equipment			
391	Transportation Equipment			
393	Tools, Shop and Garage Equip.			
394	Laboratory Equipment			
395	Power Operated Equipment			
398	Other Tangible Plant			
	TOTALS	\$142,207.17	\$ 8,822.01	\$133,385.16

This amount goes on the Balance Sheet Acct. No. 108 

Utility Plant In Service

		Original Cost	Accum Depr	Orig Cost Less Depr
354	Structures and Improvements	3,080.10	162.89	2,917.21
360	Collection Sewers - Force	59,769.00	3,585.78	56,183.22
361	Collection Sewers - Gravity	70,071.00	4,203.82	65,867.18
390	Office Furniture & Equipment	2,335.22	178.43	2,156.79
393	Tools, Shop and Garage Equip	3,688.35	242.06	3,446.29
394	Laboratory Equipment	3,263.50	449.03	2,814.47
		142,207.17	8,822.01	133,385.16

CALCULATION OF DEPRECIATION EXPENSE – See Attached Schedule

Acct. No.	DESCRIPTION	Original Cost (1)	Depreciation Percentage (2)	Depreciation Expense (1x2)
351	Organization			
352	Franchises			
353	Land and Land Rights			
354	Structures and Improvements			
355	Power Generation Equipment			
360	Collection Sewers – Force			
361	Collection Sewers – Gravity			
362	Special Collecting Structures			
363	Services to Customers			
364	Flow Measuring Devices			
365	Flow Measuring Installations			
370	Receiving Wells			
380	Treatment and Disposal Equip.			
381	Plant Sewers			
382	Outfall Sewer Lines			
389	Other Plant and Misc. Equipment			
390	Office Furniture and Equipment			
391	Transportation Equipment			
393	Tools, Shop and Garage Equip.			
394	Laboratory Equipment			
395	Power Operated Equipment			
398	Other Tangible Plant			
	TOTALS	\$142,207.17		\$ 3,358.00

This amount goes on the Comparative Statement of Income and Expense Acct. 403

Calculation of Depreciation Expense

Acct. No.		Original Cost	Depreciation Percentage	Depreciation Expense
354	Structures and Improvements	3,080.10	3.34%	103.00
360	Collection Sewers - Force	59,769.00	2.00%	1,195.00
361	Collection Sewers - Gravity	70,071.00	2.00%	1,401.00
390	Office Furniture & Equipment	2,335.22	6.29%	147.00
393	Tools, Shop and Garage Equip	3,688.35	5.02%	185.00
394	Laboratory Equipment	3,263.50	10.02%	327.00
		142,207.17		3,358.00

COMPANY NAME Seven Canyons Water Treatment Company – SW-03389A

BALANCE SHEET

Acct No.	ASSETS	BALANCE AT BEGINNING OF TEST YEAR	BALANCE AT END OF YEAR
	CURRENT AND ACCRUED ASSETS		
131	Cash	\$ 115.42	\$ 163.94
132	Special Deposits		
135	Temporary Cash Investments		
141	Customer Accounts Receivable		8,317.13
146	Notes/Receivables from Associated Companies		2,732.51
151	Plant Material and Supplies		
162	Prepayments		
174	Miscellaneous Current and Accrued Assets		
	TOTAL CURRENT AND ACCRUED ASSETS	\$ 115.42	\$ 11,213.58
	FIXED ASSETS		
101	Utility Plant in Service	\$142,207.17	\$142,207.17
103	Property Held for Future Use		
105	Construction Work in Progress		
108	Accumulated Depreciation – Utility Plant	-5,464.01	-8,822.01
121	Non-Utility Property		
122	Accumulated Depreciation – Non Utility		
	TOTAL FIXED ASSETS	\$136,743.16	\$133,385.16
	TOTAL ASSETS	\$136,858.58	\$144,598.74

NOTE: Total Assets on this page should equal Total Liabilities and Capital on the following page.

BALANCE SHEET (CONTINUED)

Acct No.	LIABILITIES	BALANCE AT BEGINNING OF TEST YEAR	BALANCE AT END OF YEAR
	CURRENT LIABILITIES		
231	Accounts Payable	\$ 14,842.55	\$ 14,674.35
232	Notes Payable (Current Portion)		
234	Notes/Accounts Payable to Associated Companies		2,727.14
235	Customer Deposits		
236	Accrued Taxes		
237	Accrued Interest		
241	Miscellaneous Current and Accrued Liabilities		
	TOTAL CURRENT LIABILITIES	\$ 14,842.55	\$ 17,401.49
	LONG-TERM DEBT (Over 12 Months)		
224	Long-Term Notes and Bonds	\$0.00	\$0.00
	DEFERRED CREDITS		
252	Advances in Aid of Construction	\$	\$
253	Other Deferred Credits		
255	Accumulated Deferred Investment Tax Credits		
271	Contributions in Aid of Construction		
272	Less: Amortization of Contributions		
281	Accumulated Deferred Income Tax		
	TOTAL DEFERRED CREDITS	\$0.00	\$0.00
	TOTAL LIABILITIES	\$ 14,842.55	\$ 17,401.49
	CAPITAL ACCOUNTS		
201	Common Stock Issued	\$ 1,000.00	\$ 1,000.00
211	Other Paid in Capital	149,713.63	154,513.63
215	Retained Earnings	-28,697.60	-28,316.38
218	Proprietary Capital (Sole Props and Partnerships)		
	TOTAL CAPITAL	\$122,016.03	\$127,197.25
	TOTAL LIABILITIES AND CAPITAL	\$136,858.58	\$144,598.74

COMPARATIVE STATEMENT OF INCOME AND EXPENSE

Acct. No.	OPERATING REVENUES	PRIOR YEAR	CURRENT YEAR
521	Flat Rate Revenues	\$0.00	\$ 8,215.00
522	Measured Revenues		984.64
536	Other Wastewater Revenues		1,850.00
	TOTAL REVENUES	\$0.00	\$11,049.64
	OPERATING EXPENSES		
701	Salaries and Wages	\$	\$
710	Purchased Wastewater Treatment		
711	Sludge Removal Expense		4,530.00
715	Purchased Power		
716	Fuel for Power Production		
718	Chemicals		
720	Materials and Supplies	3,242.29	
731	Contractual Services – Professional	17,983.15	1,086.57
735	Contractual Services – Testing		
736	Contractual Services – Other	859.14	1,298.00
740	Rents		
750	Transportation Expense		
755	Insurance Expense		
765	Regulatory Commission Expense		
775	Miscellaneous Expense	220.98	163.50
403	Depreciation Expense	2,867.21	3,358.00
408	Taxes Other Than Income		
408.11	Property Taxes		232.35
409	Income Taxes	45.00	
	TOTAL OPERATING EXPENSES	\$25,217.77	\$10,668.42
	OTHER INCOME/EXPENSE		
419	Interest and Dividend Income	\$	\$
421	Non-Utility Income		
426	Miscellaneous Non-Utility Expenses		
427	Interest Expense		
	TOTAL OTHER INCOME/EXPENSE	\$0.00	\$0.00
	NET INCOME/(LOSS)	\$-25,217.77	\$ 381.22

COMPANY NAME Seven Canyons Water Treatment Company – SW-03389A

SUPPLEMENTAL FINANCIAL DATA

Long-Term Debt

	LOAN #1	LOAN #2	LOAN #3	LOAN #4
Date Issued				
Source of Loan				
ACC Decision No.				
Reason for Loan				
Dollar Amount Issued	\$	\$	\$	\$
Amount Outstanding	\$	\$	\$	\$
Date of Maturity				
Interest Rate	%	%	%	%
Current Year Interest	\$	\$	\$	\$
Current Year Principle	\$	\$	\$	\$

COMPANY NAME Seven Canyons Water Treatment Company – SW-03389A

WASTEWATER COMPANY PLANT DESCRIPTION

TREATMENT FACILITY

TYPE OF TREATMENT (Extended Aeration, Step Aeration, Oxidation Ditch, Aerobic Lagoon, Anaerobic Lagoon, Trickling Filter, Septic Tank, Wetland, Etc.)	
DESIGN CAPACITY OF PLANT (Gallons Per Day)	

LIFT STATION FACILITIES

Location	Quantity of Pumps	Horsepower Per Pump	Capacity Per Pump (GPM)	Wet Well Capacity (gals)
	0	0	0	0

FORCE MAINS

Size	Material	Length (Feet)
4-inch		
6-inch	PVC	1,727

MANHOLES

Type	Quantity
Standard	12
Drop	

CLEANOUTS

Quantity
2-sewer force main-2 way

COMPANY NAME Seven Canyons Water Treatment Company – SW-03389A

WASTEWATER COMPANY PLANT DESCRIPTION (CONTINUED)

COLLECTION MAINS

SERVICES

Size (in inches)	Material	Length (in feet)
4		
6	PVC	115
8	PVC	2,283
10		
12		
15		
18		
21		
24		
30		

Size (in inches)	Material	Quantity
4		
6		
8	PVC	115 lf
12		
15		

FOR THE FOLLOWING FIVE ITEMS, LIST THE UTILITY OWNED ASSETS IN EACH CATEGORY

SOLIDS PROCESSING AND HANDLING FACILITIES	N/A
DISINFECTION EQUIPMENT (Chlorinator, Ultra-Violet, Etc.)	N/A
FILTRATION EQUIPMENT (Rapid Sand, Slow Sand, Activated Carbon, Etc.)	N/A
STRUCTURES (Buildings, Fences, Etc.)	N/A
OTHER (Laboratory Equipment, Tools, Vehicles, Standby Power Generators, Etc.)	Cabinets & Fixtures, Sensaphone, Telemetry Computer, Various Tools, Locator, Various Lab, Turbidimeter

COMPANY NAME Seven Canyons Water Treatment Company – SW-03389A

WASTEWATER FLOWS

MONTH/YEAR (Most Recent 12 Months)	NUMBER OF SERVICES	TOTAL MONTHLY SEWAGE FLOW	SEWAGE FLOW ON PEAK DAY
Jan	No Flow		
Feb	No Flow		
Mar	No Flow		
Apr	No Flow		
May	No Flow		
June	No Flow		
July	No Flow		
Aug		14,170	14,170
Sept		60,598	26,386
Oct		69,952	23,477
Nov		108,004	28,959
Dec		63,235	33,246

PROVIDE THE FOLLOWING INFORMATION AS APPLICABLE

Method of Effluent Disposal (leach field, surface water discharge, reuse, injection wells, groundwater recharge, evaporation ponds, etc.)	N/A
Wastewater Inventory Number (all wastewater systems are assigned an inventory number)	103334
Groundwater Permit Number	N/A
ADEQ Aquifer Protection Permit Number	103334
ADEQ Reuse Permit Number	R103334
EPA NPDES Permit Number	N/A

Seven Canyons Water Treatment Company – SW-03389A

STATISTICAL INFORMATION

Total number of customers 12

Total number of gallons treated 315,959 gallons

Seven Canyons Water Treatment Company – SW-03389A - YEAR ENDING 12/31/2005

INCOME TAXES

For this reporting period, provide the following:

Federal Taxable Income Reported 0
Estimated or Actual Federal Tax Liability 0

State Taxable Income Reported 0
Estimated or Actual State Tax Liability 0

Amount of Grossed-Up Contributions/Advances:

Amount of Contributions/Advances 0
Amount of Gross-Up Tax Collected 0
Total Grossed-Up Contributions/Advances 0

Decision No. 55774 states, in part, that the utility will refund any excess gross-up funds collected at the close of the tax year when tax returns are completed. Pursuant to this Decision, if gross-up tax refunds are due to any Payer or if any gross-up tax refunds have already been made, attach the following information by Payer: name and amount of contribution/advance, the amount of gross-up tax collected, the amount of refund due to each Payer, and the date the Utility expects to make or has made the refund to the Payer.

CERTIFICATION

The undersigned hereby certifies that the Utility has refunded to Payers all gross-up tax refunds reported in the prior year's annual report. This certification is to be signed by the President or Chief Executive Officer, if a corporation; the managing general partner, if a partnership; the managing member, if a limited liability company or the sole proprietor, if a sole proprietorship.

JLMW
SIGNATURE

April 28, 2006
DATE

JOHN WHITE
PRINTED NAME

CFO
TITLE

PROPERTY TAXES

Amount of actual property taxes paid during Calendar Year 2005 was: \$ 232.35

Attach to this annual report proof (e.g. property tax bills stamped “paid in full” or copies of cancelled checks for property tax payments) of any and all property taxes paid during the calendar year.

If no property taxes paid, explain why.

Company does not own real property.

RECEIVED

VERIFICATION
AND
SWORN STATEMENT
Taxes

MAY 02 2006

AZ CORP COMM
Director Utilities

VERIFICATION

STATE OF Arizona
I, THE UNDERSIGNED
OF THE

COUNTY OF (COUNTY NAME)	Yavapai
NAME (OWNER OR OFFICIAL) TITLE	JOHN WHITE, CFO
COMPANY NAME	Seven Canyons Water Treatment Co

DO SAY THAT THIS ANNUAL UTILITY PROPERTY TAX AND SALES TAX REPORT TO THE ARIZONA CORPORATION COMMISSION

FOR THE YEAR ENDING

MONTH	DAY	YEAR
12	31	2005

HAS BEEN PREPARED UNDER MY DIRECTION, FROM THE ORIGINAL BOOKS, PAPERS AND RECORDS OF SAID UTILITY; THAT I HAVE CAREFULLY EXAMINED THE SAME, AND DECLARE THE SAME TO BE A COMPLETE AND CORRECT STATEMENT OF BUSINESS AND AFFAIRS OF SAID UTILITY FOR THE PERIOD COVERED BY THIS REPORT IN RESPECT TO EACH AND EVERY MATTER AND THING SET FORTH, TO THE BEST OF MY KNOWLEDGE, INFORMATION AND BELIEF.

SWORN STATEMENT

I HEREBY ATTEST THAT ALL PROPERTY TAXES FOR SAID COMPANY ARE CURRENT AND PAID IN FULL.

I HEREBY ATTEST THAT ALL SALES TAXES FOR SAID COMPANY ARE CURRENT AND PAID IN FULL.

JRM White

SIGNATURE OF OWNER OR OFFICIAL

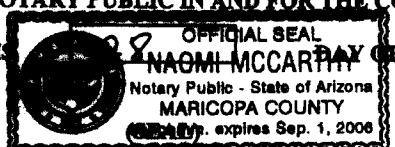
480-627-7000

TELEPHONE NUMBER

SUBSCRIBED AND SWORN TO BEFORE ME

A NOTARY PUBLIC IN AND FOR THE COUNTY OF

THIS



COUNTY NAME	MARICOPA
MONTH	APRIL
	2006

Naomi McCarthy

SIGNATURE OF NOTARY PUBLIC

MY COMMISSION EXPIRES 09-01-06

RECEIVED

VERIFICATION
AND
SWORN STATEMENT
Intrastate Revenues Only

MAY 02 2006

VERIFICATION

STATE OF ARIZONA

I, THE UNDERSIGNED

OF THE

AZ CORP COMM
Director Utilities

COUNTY OF (COUNTY NAME)	YAVAPAI
NAME (OWNER OR OFFICIAL) TITLE	JOHN WHITE, CFO
COMPANY NAME	Seven Canyons Water Treatment Company

DO SAY THAT THIS ANNUAL UTILITY REPORT TO THE ARIZONA CORPORATION COMMISSION

FOR THE YEAR ENDING

MONTH	DAY	YEAR
12	31	2005

HAS BEEN PREPARED UNDER MY DIRECTION, FROM THE ORIGINAL BOOKS, PAPERS AND RECORDS OF SAID UTILITY; THAT I HAVE CAREFULLY EXAMINED THE SAME, AND DECLARE THE SAME TO BE A COMPLETE AND CORRECT STATEMENT OF BUSINESS AND AFFAIRS OF SAID UTILITY FOR THE PERIOD COVERED BY THIS REPORT IN RESPECT TO EACH AND EVERY MATTER AND THING SET FORTH, TO THE BEST OF MY KNOWLEDGE, INFORMATION AND BELIEF.

SWORN STATEMENT

IN ACCORDANCE WITH THE REQUIREMENT OF TITLE 40, ARTICLE 8, SECTION 40-401, ARIZONA REVISED STATUTES, IT IS HEREIN REPORTED THAT THE GROSS OPERATING REVENUE OF SAID UTILITY DERIVED FROM ARIZONA INTRASTATE UTILITY OPERATIONS DURING CALENDAR YEAR 2005 WAS:

Arizona Intrastate Gross Operating Revenues Only (\$)

\$ 11,049.64

(THE AMOUNT IN BOX ABOVE
INCLUDES \$ 0
IN SALES TAXES BILLED, OR COLLECTED)

****REVENUE REPORTED ON THIS PAGE MUST INCLUDE SALES TAXES BILLED OR COLLECTED. IF FOR ANY OTHER REASON, THE REVENUE REPORTED ABOVE DOES NOT AGREE WITH TOTAL OPERATING REVENUES ELSEWHERE REPORTED, ATTACH THOSE STATEMENTS THAT RECONCILE THE DIFFERENCE. (EXPLAIN IN DETAIL)**

JRM White
SIGNATURE OF OWNER OR OFFICIAL
480-627-7000
TELEPHONE NUMBER

SUBSCRIBED AND SWORN TO BEFORE ME

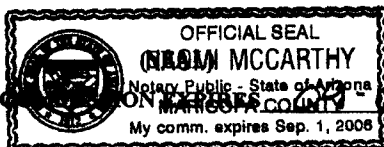
A NOTARY PUBLIC IN AND FOR THE COUNTY OF

THIS

28

DAY OF

COUNTY NAME	MARICOPA
MONTH	APRIL, 2006



Naomh McCarthy
SIGNATURE OF NOTARY PUBLIC

MY COMMISSION EXPIRES SEP. 1, 2008

VERIFICATION
AND
SWORN STATEMENT
RESIDENTIAL REVENUE
INTRASTATE REVENUES ONLY

RECEIVED

MAY 02 2006

AZ CORP COMM
Director Utilities

VERIFICATION

STATE OF ARIZONA

I, THE UNDERSIGNED

OF THE

COUNTY OF (COUNTY NAME) <u>YAVAPAI</u>	
NAME (OWNER OR OFFICIAL) <u>JOHN WHITE</u>	TITLE <u>CFO</u>
COMPANY NAME <u>Seven Canyons Water Treatment Company</u>	

DO SAY THAT THIS ANNUAL UTILITY REPORT TO THE ARIZONA CORPORATION COMMISSION

FOR THE YEAR ENDING

MONTH	DAY	YEAR
<u>12</u>	<u>31</u>	<u>2005</u>

HAS BEEN PREPARED UNDER MY DIRECTION, FROM THE ORIGINAL BOOKS, PAPERS AND RECORDS OF SAID UTILITY; THAT I HAVE CAREFULLY EXAMINED THE SAME, AND DECLARE THE SAME TO BE A COMPLETE AND CORRECT STATEMENT OF BUSINESS AND AFFAIRS OF SAID UTILITY FOR THE PERIOD COVERED BY THIS REPORT IN RESPECT TO EACH AND EVERY MATTER AND THING SET FORTH, TO THE BEST OF MY KNOWLEDGE, INFORMATION AND BELIEF.

SWORN STATEMENT

IN ACCORDANCE WITH THE REQUIREMENTS OF TITLE 40, ARTICLE 8, SECTION 40-401.01, ARIZONA REVISED STATUTES, IT IS HEREIN REPORTED THAT THE GROSS OPERATING REVENUE OF SAID UTILITY DERIVED FROM ARIZONA INTRASTATE UTILITY OPERATIONS RECEIVED FROM RESIDENTIAL CUSTOMERS DURING CALENDAR YEAR 2005 WAS:

ARIZONA INTRASTATE GROSS OPERATING REVENUES

\$ 1,390.00

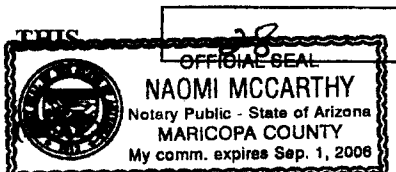
(THE AMOUNT IN BOX AT LEFT
INCLUDES \$ 0
IN SALES TAXES BILLED, OR COLLECTED

*RESIDENTIAL REVENUE REPORTED ON THIS PAGE
MUST INCLUDE SALES TAXES BILLED.

X *John White*
SIGNATURE OF OWNER OR OFFICIAL
480-627-7000
TELEPHONE NUMBER

SUBSCRIBED AND SWORN TO BEFORE ME

A NOTARY PUBLIC IN AND FOR THE COUNTY OF



MY COMMISSION EXPIRES

09-01-06

NOTARY PUBLIC NAME <u>Naomi McCarthy</u>	
COUNTY NAME <u>MARICOPA</u>	
MONTH <u>APRIL</u>	<u>20</u> <u>06</u>

X *Naomi McCarthy*
SIGNATURE OF NOTARY PUBLIC